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Report of the Trade and Development Board on its forty-fifth session*

(Geneva, 12 to 23 October 1998)

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INTRODUCTION

(i) The forty-fifth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 12 to 23 October 1998. In the course of the session, the Board held six plenary meetings - the 895th to 900th meetings.

(ii) This report to the United Nations General Assembly has been prepared by the Rapporteur under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records, as appropriate, the action by the Board on the substantive items of its agenda (section I) and procedural, institutional, organizational and administrative matters (section II).

(iii) Volume II of the report of the Board on its forty-fifth session - to be issued subsequently in TD/B/45/13 (Vol.II) - will reflect all the statements made in the course of the session on the various items of the agenda.

I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS ON ITS AGENDA

A. Segment for high-level participation: the impact of financial crisis on trade, investment and development: regional perspectives

(Agenda item 2)

1. Under agenda item 2, the Trade and Development Board engaged in a high-level discussion on the topic of "The impact of financial crisis on trade, investment and development: regional perspectives", chaired by Mr. Supachai Panitchpakdi, Deputy Prime Minister of Thailand.

2. The high-level segment comprised two panel discussions, the first on "The Asian epicentre" and the second on "The ripple effect and lessons to be learnt from the crisis". The latter discussion was conducted jointly with the Second Committee of the General Assembly by teleconference. (A full account of the discussions at the high-level segment will be published shortly.)

B. High-level Mid-term Review

(Agenda item 3)

3. The Midrand Declaration adopted at UNCTAD IX in May 1996 stated that "to build on the political commitment of member States to the process initiated at this Conference and ensure its implementation, the President of UNCTAD IX should consider convening a special high-level review meeting two years prior to UNCTAD X". In its resolution 52/182 of December 1997, the General Assembly welcomed the convening of a special high-level mid-term review meeting in 1998, which would contribute to the preparations for the tenth session of the Conference, to be held in Thailand in 2000.

4. The High-level Mid-term Review focused on the follow-up to the mid-term review exercise with a view to assessing global developments since Midrand, the expectations over the next two years and the future prospects looking forward to UNCTAD X and beyond. The documentation consisted of the outcome and support documents of the Mid-term Review (TD/B/45/8) and an issues paper by the Secretary-General of UNCTAD (TD/B/45/CRP.2).

5. At the conclusion of the discussion, the Board requested the Secretary-General of UNCTAD to prepare and submit to delegations, through the Bureau, a draft provisional agenda for UNCTAD X for the purposes of consultations with a view to approving the provisional agenda at the nineteenth

executive session of the Board, scheduled to be held on 15 December 1998. The Board was also informed that, for planning purposes, the dates set aside for UNCTAD X were 12-20 February 2000.

C. Interdependence and global economic issues from a trade and development perspective: the causes, management and prevention of financial crisis

(Agenda item 4)

Agreed conclusions 451 (XLV): The causes, management and prevention of financial crisis

1. The current financial crisis afflicting the world economy has systemic elements and the countries affected cannot deal with the problem in isolation. An effective response needs to combine measures at both national and international levels.

2. Domestic factors have certainly played a major role in financial crises in some countries. However, others with sound economic fundamentals and institutions have also been affected by global financial instability. Moreover, the adverse impact of the crisis on commodity prices has been a major factor in reducing export earnings and growth in a number of countries, especially developing countries.

3. A single recipe for responding to financial crises is neither feasible nor desirable. Domestic policies need to be tailored to the specific circumstances of each country and designed to revive growth, restore confidence and ensure an orderly return to financial stability. Such efforts should be complemented by appropriate actions by developed countries. These efforts should ensure sustained economic growth and sustainable development.

4. Recourse to protectionist policies cannot be the solution to current global problems, but would merely serve to deepen the crisis. Growth-oriented policies hold the key to averting the risk of global recession and pressures for protectionism.

5. Recent events underscore the importance of a favourable external environment in attaining policy objectives in developing countries. An enabling external financial environment to support domestic measures could require, *inter alia*, adequate and transparent supervision of volatile, short-term capital flows.

6. There is a need to reform the existing international financial architecture so as to reduce the likelihood of financial crises and to manage them better. Full representation and participation of developing countries should be an integral part of the reform process. The views of developing countries should be taken into account. Effective multilateral and domestic surveillance is essential for the prevention of financial crises. Such surveillance needs to recognize the role of global interdependence in transmitting financial instability. Greater coherence is needed in international policy-making in the areas of trade, money and finance.

7. Reform of the financial architecture should address weaknesses and gaps in the existing regulatory framework for cross-border lending and financial flows. The scope of such reform may need to be extended to a wider range of financial activities.

8. Greater transparency of the operations of private financial institutions, Governments and multilateral financial institutions is essential for effective surveillance of policies and supervision of markets and for timely action to prevent financial instability. A consultative process should be encouraged for this purpose.

9. Strengthened prudential regulation and supervision of the financial system in a well-sequenced process of liberalization can contribute to greater financial stability. Domestic reforms to be considered might include: (a) increased transparency and disclosure; (b) strengthening of domestic regulatory standards; and (c) more effective burden-sharing arrangements, such as improved insolvency and debtor-creditor regimes.

10. There may also be a need to use other instruments to prevent the build-up of external financial vulnerability without impeding trade or medium- and long-term investment flows. Useful lessons can be drawn from the successful experiences in a number of countries with the use of such instruments. However, regulation and control over financial flows should not be used to sustain inappropriate policies.

11. While prevention of financial crises should be the ultimate aim of reform efforts, measures also need to be put in place for better management when crises arise. Establishing a genuine international lender of last resort with adequate resources to provide the liquidity needed to support countries facing external financial difficulties might be such a measure. However, given the serious impediments to this, it may also be useful to explore alternative means of crisis management that would provide safeguards against speculative attacks and disruption of markets, prevent moral hazard, and secure more equitable burden-sharing between debtors and creditors. The establishment of orderly debt work-out principles could be further examined. Developed countries should also consider other actions to facilitate access to liquidity of developing countries facing external financial difficulties.

12. The Board expresses its appreciation for the sound, independent and timely analysis provided in this year's *Trade and Development Report*. It urges the secretariat to continue to study international trade, monetary and financial issues as part of its work on

interdependence with a development perspective as recognized by "A Partnership for Growth and Development". The proposals for the prevention and management of financial crises contained in this year's *Trade and Development Report* deserve wider dissemination and discussion, and further analysis. Within its existing mandate and taking account of work undertaken in other relevant organizations, UNCTAD should contribute to the debate on issues related to strengthening and reforming the international financial architecture by continuing to provide relevant analysis from a development perspective.

900th plenary meeting
23 October 1998

D. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s

(Agenda item 5)

(a) Trade and investment in LDCs: opportunities and constraints in the multilateral trading system

Agreed conclusions 452 (XLV): Trade and investment in LDCs: opportunities and constraints in the multilateral trading system

1. The Trade and Development Board carried out its eighth annual review of progress in the implementation of the Programme of Action for the Least Developed Countries (LDCs) for the 1990s, with the *Least Developed Countries 1998 Report* as the background document. The Board commended the secretariat for the high quality of the *Report* and its comprehensive analysis of the economic performance of LDCs and the opportunities and constraints facing LDCs in attempts to enhance their participation in the multilateral trading system. The main

message of the Report, which is that LDCs should be fully integrated in the world trading system, needs to be brought out with greater clarity. However, it was recognized that the particular circumstances of LDCs continue to warrant special and differential treatment under the Uruguay Round agreements. Nonetheless, it is acknowledged that the long-term challenge for LDCs is to improve their competitiveness in international markets.

2. The Board was encouraged by the fact that the LDCs as a group had been able, in 1997, to sustain their recent economic recovery. Their improved performance was due to a combination of factors, both domestic and external. The Board was nevertheless concerned by the considerable uncertainty over the short-term prospects for LDCs; their fragile economies are particularly vulnerable to exogenous shocks such as the Asian financial crisis, declining commodity prices and natural calamities. The risk of policy reversals and continued civil strife also raises questions about the sustainability of the recent economic recovery in some LDCs. Furthermore, even if the current recovery could be sustained in the coming years, it would not by itself contain the continued marginalization of LDCs in world trade or enhance their necessary integration into the global trading system, or make much headway in alleviating poverty.

3. The Board noted that the improved economic performance of LDCs in recent years was mainly attributable to their own sound macroeconomic policy reforms, undertaken under most difficult domestic and external conditions. They were encouraged to continue their reform efforts, with the active support of the international community, in a spirit of partnership and shared responsibility, to create a conducive environment for sustained economic growth and development. They were also encouraged to make efforts to create conditions for improved domestic and foreign direct investment and diversification of their exports.

4. The Board considered the availability of adequate external financial resources to be of critical importance in sustaining growth and development in LDCs. The significant decline in official development assistance (ODA) flows to LDCs in 1996 was recognized with concern. Donor countries were called upon to increase their levels of financial assistance in line with established United Nations targets. The recent initiatives by some donor countries and the continued steadfast implementation of aid programmes in favour of LDCs by a number of other donors need to be supplemented by further efforts on the part of all LDC development partners with a view to meeting the commitments undertaken in the Programme of Action. That is particularly important in view of the inability of the LDCs to attract significant foreign direct investment (FDI) flows.

5. Despite the significant progress made by LDCs in implementing broadly-based economic reform programmes, most of them have not succeeded in attracting long-term investment. Although a wide range of investment opportunities exists in LDCs, particularly in the agricultural, tourism and mining sectors, LDCs still face obstacles in trying to attract FDI and other forms of private capital. That situation serves to underscore the critical importance of the role of official agencies (multilateral and bilateral development finance institutions and aid agencies) in helping to promote private flows to LDCs. LDCs need technical and financial assistance to improve their institutional and physical infrastructures in order to enhance their ability to attract more foreign equity investment flows and draw benefits therefrom.

6. While the Board welcomed major debt relief initiatives, it considered that further efforts are needed to alleviate the external debt situation of LDCs, which continues to be a source of grave concern. Without a sustained and decisive reduction in their external debt and debt service obligations, the growth prospects of LDCs and their ability to attract FDI

will remain limited. The Board also welcomed the Heavily Indebted Poor Countries (HIPCs) initiative, but noted that its implementation has so far been limited. Two years after its launch, only one LDC has benefited from the full-fledged relief provided by the initiative. The extension to the year 2000 of the initial two-year deadline for countries to be considered under the HIPC initiative, so as to allow more countries to meet the entry requirements, was welcomed. However, there is a need to provide an effective and early exit from the debt overhang problem in support of debtor policy reform efforts and to secure the necessary resources for the full and expeditious implementation of the initiative. The eligibility criteria should be flexible enough to take into account different debt situations and to include all LDCs which are truly in need of debt reduction and which are undertaking the necessary reforms. Donor countries might wish to give due consideration to the proposal made by the Secretary-General of the United Nations that all remaining official bilateral debt owed by the poorest HIPCs should be converted into grants.

7. The Board stressed the importance of supporting LDCs in their efforts to reverse their current marginalization in world trade and to become integrated into the world economy and international trading system. An expeditious accession process for LDCs which are not members of WTO is an integral part of those efforts, and UNCTAD should continue its efforts to assist LDCs in meeting their terms of accession. LDCs should be enabled to achieve accession on terms consistent with their LDC status. The challenge for the accession negotiations to be held in WTO is to combine, within a reasonable time-frame, the necessary rigorous observance of multilateral disciplines with a degree of flexibility and understanding for the difficulties and constraints faced by LDCs.

8. The full and effective implementation of the Marrakesh Ministerial Decision in favour of LDCs and the special and differential measures in favour of LDCs contained in the

Uruguay Round agreements, further enhancement of market access for LDCs' exports and support for their efforts at capacity-building are essential if LDCs are to become integrated in the world economy. While moves by several developed and developing countries to increase market access for LDCs were welcomed, there remains substantial scope for further market access for agricultural and industrial products of export interest to LDCs. The effective implementation of the WTO Action Plan for LDCs, adopted at the first WTO Ministerial Conference, and the decisions of the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development would help to address the residual market access problems faced by LDCs.

9. Supply-side constraints are at the root of LDCs' weak participation in international trade. The international community should help LDCs to enhance their competitiveness through commodity diversification, improvement of their trade infrastructure and trade-supporting services, and human resource development. Moreover, the LDCs themselves have a responsibility, in the context of their macroeconomic policy, to overcome the problems of supply-side constraints, for example the issues of high tariffs and other restrictions.

10. LDCs should also receive assistance to enable them to take an active part in negotiations which are part of the built-in agenda and take an active interest in the current debate on new issues. UNCTAD's role in that regard was emphasized. It was also underscored that, in the process of the negotiations on the built-in agenda, the special needs of LDCs should be taken into account.

11. The Board expressed concern at the pace of implementation of the Integrated Framework for Trade-Related Technical Assistance, including for Human and Institutional Capacity-Building, to Support Least Developed Countries in Their Trade and Trade-Related

Activities. The need to continue to enhance and improve coordination and coherence among agencies involved in the implementation of the Integrated Framework was emphasized.

12. Civil society has an increasingly important role to play in enhancing socio-economic development. The international community and, in particular, member States need to take effective measures to promote private enterprise and boost entrepreneurial activities in LDCs. The creation by LDCs of a favourable institutional and legal framework is an indispensable prerequisite in achieving that objective. The role of women and non-governmental organizations (NGOs) needs to be re-emphasized, and efforts should be undertaken to integrate all civil society partners into the LDC development process. International development partners, especially NGOs, could play a vital role in that regard by entering into meaningful relationships with national NGOs and the private sector in LDCs.

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23 October 1998

(b) Contribution of the Board to the consideration by the General Assembly, at its fifty-third session, of the date, duration and venue of the Third United Nations Conference on LDCs and its preparatory process

Decision 453 (XLV): **Contribution of the Board to the consideration by the General Assembly, at its fifty-third session, of the date, duration and venue of the Third United Nations Conference on LDCs and its preparatory process**

The Trade and Development Board,

Recalling General Assembly resolution 52/187 of 18 December 1997, in which the General Assembly decided to convene the Third United Nations Conference on the Least

Developed Countries at a high level in the year 2001, and Board recommendation 442 (XLIV) of 22 October 1997,

Welcoming the generous offer of the European Union to host the Third United Nations Conference on the Least Developed Countries in the first semester of the year 2001,

Recommends to the General Assembly for its adoption at its fifty-third session the following draft resolution entitled "*Third United Nations Conference on the Least Developed Countries*":

"The General Assembly,

Recalling its resolution 52/187 of 18 December 1997 in which it decided to convene the Third United Nations Conference on the Least Developed Countries at a high level in the year 2001,

1. Welcomes and accepts the generous offer of the European Union to host the Third United Nations Conference on the Least Developed Countries in the first semester of the year 2001;

2. Designates the Secretary-General of UNCTAD as the Secretary-General of the Conference and requests him to make all necessary preparations for the Conference;

3. Decides to convene the Third United Nations Conference on the Least Developed Countries in the first semester of the year 2001 for a duration of seven days, at a venue and time to be determined by the Secretary-General of the Conference in consultation with the European Union;

4. Requests the Secretary-General of the Conference to organize the Intergovernmental Preparatory Committee (in two parts) and the three expert-level preparatory meetings referred to in paragraph 1 (b) of resolution 52/187;

5. Requests the Secretary-General of the Conference to organize, in consultation with member States and in cooperation with relevant organizations and agencies, well-focused sectoral and thematic or, where appropriate, country-specific round table meetings during the Conference to contribute to the work of the Conference;

6. Calls upon the United Nations Development Programme (UNDP) and the World Bank to link the forthcoming Round Table and Consultative Group Meetings to the preparatory process of the Conference and to ensure that they make substantive contributions to the Conference;

7. Requests the Administrator of UNDP, in his capacity as Convenor of the United Nations Development Group, to ensure the full involvement in the preparations for the Conference of United Nations Resident Coordinators and country teams in the least developed countries;

8. Calls upon the Secretary-General of the United Nations, in consultation with the Secretary-General of the Conference, to convene an inter-agency meeting to ensure the full mobilization and coordination of all relevant organs, organizations and bodies of the United Nations system, as well as other relevant institutions, for the purpose of the preparations for, and the follow-up to, the Conference;

9. Invites the Secretary-General of the Conference to make arrangements, on the basis of consultations with member States, to facilitate the involvement of civil society, including non-governmental organizations and the private sector, in the preparatory process and the Conference;

10. Decides to defray the cost of participation of two government representatives from each least developed country in the work of the Intergovernmental Preparatory Committee meetings and the Conference itself through the use of extrabudgetary resources, and, should they prove to be insufficient, to consider all other options."

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23 October 1998

(c) Statement in connection with Board decision 453 (XLV)

6. The representative of **Uganda** said that, with regard to paragraph 10 of decision 453 (XLV), his understanding was that the consideration of all other options should also include the option of financing the participation of LDC government representatives from regular budget resources. As the LDCs were to be the beneficiaries of the outcome of the Conference, it was important to facilitate their participation in the preparatory process and in the Conference itself so that they could contribute to shaping the programme of action.

E. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Prospects for agriculture, trade and industrialization

(Agenda item 6)

Agreed conclusions 454 (XLV): UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Prospects for agriculture, trade and industrialization

1. The economic recovery which began in Africa in 1994 has proved to be fragile owing *inter alia* to lower commodity prices and more recently the effects of a slowdown in the world economy as a whole. This recovery did not generate the hoped for increase in national savings and investment which, together with the attainment of the 6 per cent annual growth target envisaged by the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF), is essential for the achievement of sustainable development in Africa.

2. While African countries have made determined efforts to improve macroeconomic fundamentals, reforms have failed adequately to address all the structural constraints, especially as regards the underdevelopment of human resources and of physical infrastructure, as well as institutional limitations. These therefore remain severe. The design and implementation of structural adjustment programmes should take account of these constraints. Therefore, their conceptualization, including the premises on which they have been built, should be reviewed and adjusted to the requirements of individual countries, and coherence in policy advice should be ensured. Full ownership of reforms, founded upon a broad-based national consensus, is a necessary condition for success.

3. The debt overhang continues to be a major constraint facing African countries. It is particularly acute in the light of a reduction of official development assistance (ODA), lower export receipts and meagre resource flows, including foreign direct investment (FDI). The debt overhang is having major adverse consequences for the fiscal health of African countries, and this may discourage domestic, foreign, public and private investment. While the Heavily Indebted Poor Country (HIPC) Initiative has been designed to contribute to an enduring solution to the debt problem, greater flexibility, additional efforts and a broader basis would help to put African countries back on the path to growth and development.

4. Bearing in mind the joint responsibility of both debtors and creditors in the accumulation of African debt, innovative approaches involving the affected countries are required. In this connection, taking into account the proposals contained in the *Trade and Development Report 1998*, the international community may wish to consider ways and means of identifying that portion of the debt assessed as unpayable for possible action by creditors. UNCTAD should continue to consider the debt situation of African countries and provide technical assistance for debt management.

5. The continued fall in levels of ODA in real terms continues to be a major cause for concern. This trend needs to be reversed. Donors are invited to increase the level of ODA in accordance with internationally agreed targets. As well as its scale, the quality and predictability of ODA remain critical factors for Africa.

6. Agriculture is centrally important in overall economic development in most African countries. There is a need to address the problem of undercapitalization and low productivity. For this, market-based reforms need to be supported. Government action, in most cases, has an important role to play in overcoming the institutional hiatus in input and output markets,

infrastructural impediments and deficits in research and development, all of which hinder agricultural development. Promoting the tradable sector in agriculture can be greatly facilitated by better market access and reduced subsidies in industrialized countries. Moreover, graduation into "value added" agro-based manufacturing is highly desirable. To that end, the issue of tariff peaks and tariff escalation as regards products of special export interest to African countries needs to be adequately addressed. UNCTAD should therefore continue to analyse the ways in which conditions in domestic agriculture are affected by the global economic environment and come up with practical and sustainable policy options, including those involving enhancement of market access in the context of assisting developing countries in the formulation of a positive agenda.

7. An emphasis on agriculture should not lead to the neglect of industrialization. Experience shows that commodity-based industrialization, building on either agriculture or minerals, is a viable option. FDI can play an important role. But public sector support and domestic investment are crucial. UNCTAD should cooperate with other relevant international organizations in helping African countries to identify opportunities open to them in this area.

8. Adequate openness to trade and full integration into the international trading system constitute a crucial objective for African countries. However, the timing, sequencing and degree of liberalization should be adjusted to the needs and constraints of African economies as they build up their international competitiveness. UNCTAD should continue to explore the links between trade, international transport and African economic growth and their policy implications.

9. Assistance should be extended to African countries by UNCTAD and other relevant international organizations in order to enable them to identify trade policy options available

to them and their rights and obligations under WTO rules, in particular the implementation of special and differential measures in favour of developing countries. Measures should be undertaken to facilitate rapid and negotiated accession to the WTO by non-member African countries. Together with this, the problems facing supply capacities in the productive sectors should be addressed and possible solutions implemented. There is therefore a need for enhanced assistance through extrabudgetary resources by UNCTAD and other relevant organizations in these areas. Where impediments still exist, improved access to industrialized country markets should be considered.

10. Increased interactions and integration among countries in the region through trade, finance and investment are beneficial. There is considerable unexploited potential for subregional and regional trade in Africa. Initiatives already being implemented by African countries and their regional organizations require greater international support. Equally, the possibilities for enhancing interregional trade and cooperation should be fully exploited and encouraged, including through the Global System of Trade Preferences among Developing Countries. Greater linkages between countries' private sectors in this connection need to be further promoted. UNCTAD should continue, in cooperation with other international organizations, its technical cooperation and assistance in these areas. The Joint Integrated Technical Assistance Programme for Least Developed and Other African Countries is a good example of such inter-agency cooperation.

11. Institution-building remains a major challenge for African countries. Pro-investment policies, the development of a dynamic entrepreneurial sector willing to invest and the reform of the public sector are fundamentally important factors. The creation of a partnership between the private and the public sector from a developmental perspective has proved to be a successful policy approach both in Africa and elsewhere.

12. The Board reiterates that democracy and transparent and accountable governance and administration in all sectors of society are indispensable foundations for the realization of people-centred sustainable development, and that it is essential for social development that all human rights and fundamental freedoms, including the right to development as an integral part of fundamental human rights, are promoted and protected.

13. The Trade and Development Board welcomed the comprehensive analysis of African development in the *Trade and Development Report, 1998* and encouraged the continuation of such analysis in the context of UNCTAD's contribution to the implementation of UN-NADAF.

900th plenary meeting
23 October 1998

F. Review of technical cooperation activities of UNCTAD in accordance with paragraph 96 of "A Partnership for Growth and Development"

(Agenda item 7)

(a) Review of technical cooperation activities of UNCTAD

7. At its 899th plenary meeting, on 16 October 1998, the Board, in the light of the report by the Chairman of the Working Party on the Medium-term Plan and the Programme Budget and the statements made, took note of the agreed conclusions of the Working Party (TD/B/WP/L.84) and adopted the draft decision recommended therein. (For the decision as adopted, see below.)

Decision 455 (XLV): Review of technical cooperation activities of UNCTAD

The Trade and Development Board,

1. Takes note with appreciation of the report on technical cooperation activities of UNCTAD and their financing and the complementary statistical information submitted by the secretariat (TD/B/45/6-TD/B/WP/109 and Add.1 and 2);

2. Notes with satisfaction the continued increase in the level of UNCTAD's technical cooperation expenditures in 1997;

3. Expresses its appreciation to bilateral and multilateral donors for their contributions to UNCTAD's technical cooperation programmes, and appeals to them to extend their contributions in line with UNCTAD's technical cooperation strategy and plan;

4. Notes with satisfaction that the share of technical cooperation expenditures originating in the United Nations Development Programme (UNDP) increased in 1997, and encourages the secretariat to continue its efforts to deepen its cooperation with UNDP;

5. Notes with satisfaction that the level and share of technical cooperation expenditures towards LDCs have increased, welcomes the progress achieved with respect to the LDC Trust Fund, expresses its appreciation for contributions from traditional donors and developing countries to the Trust Fund, and invites further contributions;

6. Requests the secretariat, in consultation with member States, to intensify its efforts to ensure a better relative balance in the share of technical cooperation activities of the various regions, taking into account their respective needs;

7. Notes with satisfaction the progress made by UNCTAD in its cooperation with other organizations, including through the signature of Memoranda of Understanding, and requests the secretariat to pursue its efforts to intensify such cooperation, including with the World Intellectual Property Organization (WIPO) and the International Telecommunications Union (ITU);

8. Encourages the secretariat to continue to deepen its cooperation with the World Trade Organization (WTO) and the International Trade Centre (ITC) with a view, *inter alia*, to better coordinating technical cooperation, in particular in the implementation of the Integrated Framework for Trade-Related Technical Assistance for Least Developed Countries and of the Joint Integrated Technical Assistance Programme in Selected Least Developed and Other African Countries (JITAP);

9. Urges the secretariat, in the implementation of technical cooperation activities, to make maximum use of capacities from developing countries, including local and regional expertise;

10. Requests the secretariat to finalize the handbook on UNCTAD's technical cooperation and make it available to member States in all United Nations official languages and on the Internet as soon as possible;

11. Decides that an in-depth evaluation of the competition law and policy Programme be considered at the next session of the Working Party in 1999 dealing with technical cooperation;

12. Requests the secretariat to prepare the rolling three-year technical cooperation plan in a simplified format for 1999-2001 for consideration by the Working Party at the second part of its thirty-second session in December 1998 and thereafter by the Trade and Development Board in 1999;

13. Takes note that, during the first part of its thirty-second session, the Working Party requested its Chairman to hold further consultations with interested member States on the modalities of partial cost recovery for ASYCUDA, DMFAS and ACIS on the basis of the proposals set out in the secretariat's report (TD/B/45/6, Chap. III), taking into account comments and suggestions of the Working Party, and to report thereon to the Working Party at its resumed thirty-second session in December 1998 with a view to taking an early decision on this issue.[1]

899th plenary meeting
16 October 1998

(b) Progress report on UNCTAD's assistance to the Palestinian people

8. At its 899th plenary meeting, on 16 October 1998, the Board took note of the progress report on UNCTAD's assistance to the Palestinian people (TD/B/45/CRP.1). (Further to the provisions of General Assembly decision 47/445, an account of the Board's discussion on assistance to the Palestinian people is annexed to the present report (see annex II)).

[1] With regard to paragraph 13 of the decision, it was understood that the secretariat would prepare revised proposals which would take full account of all concerns expressed and suggestions made by members and observers in the Working Party.

G. Other matters in the field of trade and development: Progressive development of the law of international trade: thirty-first annual report of the United Nations Commission on International Trade Law

(Agenda item 8)

9. At its 899th plenary meeting, on 16 October 1998, the Board took note of the thirty-first annual report of UNCITRAL (A/53/17) and decided to invite a representative of UNCITRAL to present the report of the Commission to the regular session of the Board in 1999.

H. Other business

(Agenda item 10)

Financing the participation of developing country experts in UNCTAD expert meetings

Decision 456 (XLV): Financing the participation of developing country experts in UNCTAD expert meetings

The Trade and Development Board, having received the President's report on his consultations on the establishment of guidelines and modalities for the distribution of the relevant funds for the financing of experts in order to enhance participation of developing country experts in UNCTAD expert meetings in accordance with paragraph 114 of "A Partnership for Growth and Development", in compliance with action taken by the Board at its seventeenth executive session, decides that:

1. Experts benefiting from the financing should be nominated by their Governments and have proven experience; they will serve expert meetings in their personal capacity.

(a) The nomination procedure will be as follows:

(i) The Secretary-General will include, in each notification to member States for forthcoming expert meetings, a specific request for nominees to benefit from the financing;

(ii) At least four weeks before each meeting, members States could each name one expert per expert meeting to benefit from the financing, attaching a curriculum vitae;

(b) The Secretary-General will base his decisions regarding the enhancement of the participation of developing-country experts on the principle of equitable geographical representation, beneficiary needs and the expertise of the experts concerned.

2. Once the list of experts has been finalized, the Secretary-General will subsequently have all travel arrangements made in accordance with United Nations financial rules and regulations. In the event of scarcity of resources and in order to stretch available resources to cover as many experts as possible, the Secretary-General will be authorized to use the least costly travel fare.

3. The financing will facilitate the participation of the appropriate number of developing country experts for each UNCTAD expert meeting. The Secretary-General will present a

report to the regular session of the Trade and Development Board on the financing and on the participation of experts in UNCTAD expert meetings in achieving the objectives of the financing.

900th plenary meeting
23 October 1998

II. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

1. The forty-fifth session of the Trade and Development Board was opened on 12 October 1998 by Mr. Goce Petreski (former Yugoslav Republic of Macedonia), the outgoing President of the Board.

B. Election of officers[2]

(Agenda item 1 (a))

2. At its 895th (opening) plenary meeting, on 12 October 1998, the Board elected by acclamation Mr. Chak Mun See (Singapore) as President of the Board for its forty-fifth session.

3. Also at its opening plenary meeting, the Board completed the election of officers to serve on the Bureau of the Board at its forty-fifth session by electing 10 Vice-Presidents and the Rapporteur. Accordingly, the elected Bureau was as follows:

[2] The officers of the Bureau were elected to serve for a year-long period beginning with the forty-fifth session of the Board.

President:	Mr. Chak Mun See	(Singapore)
Vice-Presidents:	Mr. Nobutoshi Akao	(Japan)
	Mr. Carlos Amat Fores	(Cuba)
	Mr. Petko Draganov	(Bulgaria)
	Ms. Savitri Kunadi	(India)
	Mr. Roderic M.J. Lyne	(United Kingdom of Great Britain and Northern Ireland)
	Mr. Syargei Mikhnevich	(Belarus)
	Mr. Alphonse Oseku	(Uganda)
	Mr. Carlos Pérez del Castillo	(Uruguay)
	Mr. Raimundo Pérez-Hernández	(Spain)
	Mr. Mounir Zahran	(Egypt)
Rapporteur:	Mr. Philippe Merlin	(France)

4. In accordance with past practice, the Board agreed that the regional coordinators and China, as well as the Chairmen of the Sessional Committees, would be fully associated with the work of the Bureau.

C. Adoption of the agenda and organization of the work of the session

(Agenda item 1 (b))

5. At its opening meeting, the Board adopted the annotated provisional agenda for the session contained in document TD/B/45/1, as amended by the President. (For the agenda as adopted, see annex I below).

6. At the same meeting, the Board adopted the organization of work for the session as set out in document TD/B/45/1 and in accordance with that programme of work established two sessional committees to consider and report on items on its agenda, as follows:

Sessional Committee I:

Item 5: Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s:

(a) Trade and investment in LDCs: opportunities and constraints in the multilateral trading system

(b) Contribution by the Board to the consideration by the General Assembly at its fifty-third session of the date, duration and venue of the Third United Nations Conference on the Least Developed Countries and its preparatory process

Sessional Committee II:

Item 6: UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Prospects for agriculture, trade and industrialization

7. The following officers were elected to serve on the Bureau of Sessional Committee I:

Chairman:	Mr. Pekka Huhtaniemi	(Finland)
Vice-Chairman-cum-Rapporteur:	Mr. Abdul Mannan	(Bangladesh)

8. The following officers were elected to serve on the Bureau of Sessional Committee II:

Chairman:	Mr. Mohamed-Saleh Dembri	(Algeria)
Vice-Chairman-cum-Rapporteur:	Mr. Petr Havlík	(Czech Republic)

D. Adoption of the report on credentials

(Agenda item 1 (c))

9. At its 900th (closing) plenary meeting, on 23 October 1998, the Board adopted the report of the Bureau on the credentials of representatives attending the forty-fifth session (TD/B/45/12).

E. Provisional agenda for the forty-sixth session of the Board

(Agenda item 1 (d))

10. The Board decided that, following past practice, the Secretary-General of UNCTAD would draw up a draft provisional agenda for the forty-sixth session of the Board and would present it to the Bureau at appropriate monthly consultations of the President of the Board in the first half of 1999.

F. Review of the calendar of meetings

(Agenda item 9 (a))

11. At its 900th plenary meeting, on 23 October 1998, the Board approved UNCTAD's calendar of meetings for the remainder of 1998 and for 1999 (TD/B/45/L.4).

G. Administrative and financial implications of the actions of the Board

(Agenda item 9 (b))

12. At the same meeting, the Board was informed that there were no additional financial implications stemming from any decision taken at the forty-fifth session of the Board.

H. Adoption of the report

(Agenda item 11)

13. At its 900th plenary meeting, on 23 October 1998, the Board took note of the reports of Sessional Committee I (TD/B/45/SC.1/L.1 and Add.1) and Sessional Committee II (TD/B/45/SC.2/L.1 and Add.1-2) and decided to incorporate them in the final report of the Board on its forty-fifth session.

14. At the same meeting, the Board adopted the draft report on its forty-fifth session (TD/B/45/L.1 and Add.1-4), subject to any amendments that delegations might wish to make to the summaries of their statements. The Board further authorized the Rapporteur to complete the final report as appropriate and, under the authority of the President, to prepare the report of the Trade and Development Board to the General Assembly.

Annex I

AGENDA FOR THE FORTY-FIFTH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:

   (a) Election of officers

   (b) Adoption of the agenda and organization of the work of the session

   (c) Adoption of the report on credentials

   (d) Provisional agenda for the forty-sixth session of the Board

2. Segment for high-level participation: the impact of financial crisis on trade, investment and development: regional perspectives

3. High-level Mid-term Review

4. Interdependence and global economic issues from a trade and development perspective: the causes, management and prevention of financial crisis

5. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s:

   (a) Trade and investment in LDCs: opportunities and constraints in the multilateral trading system

(b) Contribution of the Board to the consideration by the General Assembly, at its fifty-third session, of the date, duration and venue of the Third United Nations Conference on LDCs and its preparatory process

6. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Prospects for agriculture, trade and industrialization

7. Review of technical cooperation activities of UNCTAD in accordance with paragraph 96 of "A Partnership for Growth and Development"

(a) Review of technical cooperation activities of UNCTAD

(b) Progress report on UNCTAD's assistance to the Palestinian people

8. Other matters in the field of trade and development:

- Progressive development of the law of international trade:
  thirty-first annual report of the United Nations Commission on International Trade Law

9. Institutional, organizational, administrative and related matters:

(a) Review of the calendar of meetings

(b) Administrative and financial implications of the actions of the Board

10. Other business

11. Adoption of the report.

Annex II

DISCUSSION IN THE TRADE AND DEVELOPMENT BOARD UNDER AGENDA ITEM 7 (b): PROGRESS REPORT ON UNCTAD'S ASSISTANCE TO THE PALESTINIAN PEOPLE

1. For its consideration of this subitem, the Board had before it the following documentation:

"Technical cooperation activities: Report on UNCTAD's assistance to the Palestinian people - Progress report, October 1997 - September 1998: prepared by the UNCTAD secretariat" (TD/B/45/CRP.1).

2. The **Chief, Inter-Agency Affairs and Technical Cooperation,** introducing the progress report, said that particular attention was focused on operational activities that had been launched in seven fully or partially funded projects and proposed operational activities in five other project areas which remained unfunded. The secretariat would pursue its efforts to mobilize extrabudgetary resources from UNDP, while the support of bilateral donors, including members of UNCTAD, would also be sought. Successful implementation of the activities in question would further develop UNCTAD's contribution to peace and development in the region. Finally, he welcomed the fact that partners in the field, both in the Palestinian Authority and in the family of United Nations organizations, continued to turn to UNCTAD for assistance, thus recognizing the role UNCTAD had played in the past and the concrete assistance it could provide in the future.

3. The observer for **Palestine** said that, though the progress report did not discuss the economic situation in the occupied territory, important analytical studies had been published in the course of the year by the UNCTAD secretariat. He commended the secretariat in particular for its study on the Palestinian economy and the prospects for regional cooperation, which Palestinian

decision-makers had found to contain constructive recommendations for future economic and trade policies.

4. He greatly appreciated UNCTAD's efforts to provide concrete support, through its technical cooperation activities, in respect of building Palestinian capacities and strengthening the institutions of the Palestinian National Authority in order to reconstruct and develop Palestine after three decades of Israeli occupation. It was imperative that these activities be sustained and intensified through the provision of the necessary financial resources. He called upon the Secretary-General of UNCTAD to deploy all the resources at his disposal to mobilize the necessary extrabudgetary funds for this purpose through the Consultative Group of donors.

5. He noted that the post of Chief of the Special Economic Unit was still vacant, which meant that the General Assembly resolution on the matter had not been implemented, despite the Secretary-General's repeated assurances and notwithstanding several letters from Palestine on this matter. The appointment of the special coordinator, as called for by the General Assembly resolution, was necessary as soon as possible to ensure continued delivery of concrete assistance to the Palestinian people in this period preceding independence and the building of the institutions and policies of the forthcoming Palestinian state.

6. The representative of **Morocco**, speaking on behalf of the **Arab Countries**, congratulated the secretariat for its progress report and for its continued commitment to the Palestinian people. The Arab countries had always attached great importance to UNCTAD's operational technical assistance for the Palestinian people and its analytical work on prospects for the development of the Palestinian economy. The fact that these two types of activity were being undertaken simultaneously reinforced their quality and impact. The analytical work should be strengthened with a view to providing a serious basis for operational activities and policy advice for the Palestinian

Authority. UNCTAD's Mid-term Review had recently underlined that assistance to the Palestinian people should have a direct economic impact, and he encouraged the secretariat to reinforce its internal coordination and field presence.

7. It was a matter of concern that the secretariat had been able to secure only 45 per cent of the financial resources needed to implement its proposed projects. The bulk of funding to date had come from UNDP rather than from bilateral sources, and the Arab Countries hoped that further resources could be mobilized to allow UNCTAD to fully implement its proposed projects.

8. General Assembly resolution 52/220 had decided that UNCTAD's programme of assistance to the Palestinian people should continue to be carried out by a special coordinator and another member of the secretariat, but the progress report indicated that it has not been possible to implement the resolution in the light of budgetary constraints. The Arab Countries were extremely concerned by this situation and hoped that a solution would be found.

9. The spokesperson for the **African Group** (Tunisia) welcomed the increasing emphasis in UNCTAD's assistance to the Palestinian people on concrete operational activities, including close coordination with the Palestinian Authority and the private sector. This action-oriented, demand-driven and associative approach had prompted extrabudgetary funding amounting to $550,000 for the current biennium. She thanked donors for their support and appealed for additional contributions.

10. As for staff needs, she was concerned that secretariat resources did not match the increasing demands being made on it in this area. The Special Economic Unit had been reduced to only one officer, whereas General Assembly resolution 52/220 clearly stipulated that work should be carried out by a special coordinator at the P.5 level and a staff member at the P.4 level. The

Secretary-General of UNCTAD was therefore invited to honour his commitment to maintain the Unit at its required level.

11. The spokesperson for the **Asian Group and China** (Indonesia) said that technical assistance was of paramount importance in helping a country to develop its capacity and build its institutions. She expressed appreciation to the Secretary-General of UNCTAD for providing much-needed technical assistance to the Palestinian people and to UNDP, UNITAR and the Government of Italy for supporting that technical assistance in a process that called for maximum international attention and goodwill. She urged donors and UNCTAD to lend their full support to those projects which still awaited funding and which should be commenced without further delay.

12. The continued vacancy of the post of special coordinator for assistance to the Palestinian people was preventing prompt and efficient implementation of projects, and her Group urged that the post be filled as soon as possible.

13. The representative of **Pakistan** said it was heartening to note the increasing support of the international community for UNCTAD's programme of assistance to the Palestinian people. More needed to be done given the difficult circumstances facing the Palestinian people and the Palestinian Authority. The secretariat's progress report reminded all of the tremendous development challenge facing the Palestinian people. Funds allocated to projects should be carefully approximated to needs, and there should also be coherence between projects so as to ensure their optimal impact. The institutional capacities in the secretariat to support this programme should be strengthened, and the post of special coordinator should be filled.

14. The representative of **Egypt** said that UNCTAD's technical assistance activities in support of the Palestinian private sector and the Palestinian Authority required constant support, so as to

achieve their development objectives in the field and to assist the Palestinian people in overcoming the challenges still facing them. The continuing cooperation of the Palestinian Authority with UNCTAD and the voluntary contributions already made to these activities pointed to their vitality and effectiveness. However, only 45 per cent of the funds needed for UNCTAD's projects had so far been secured, and he called upon the secretariat to undertake all possible efforts to mobilize these resources; he hoped that the donor countries would contribute.

15. UNCTAD's Special Economic Unit for the Palestinian people still lacked its special coordinator, despite General Assembly resolution 52/220, which called for the appointment of the coordinator. He hoped the resolution would be implemented as soon as possible, and he requested that the Board be kept informed at the monthly consultations or at any executive session.

16. The representative of **Italy**, referring to the statement of Morocco and Italy's contribution to one of UNCTAD's projects of assistance to the Palestinian people, pointed out that, in addition to such direct bilateral funding, it should be remembered that much of UNDP's financing was itself from bilateral donors.

17. The representative of **Cuba** welcomed the progress report on technical assistance to the Palestinian people, which would contribute to the reconstruction of the Palestinian economy. The appointment of the special coordinator for the programme was long over-due.

18. The representative of **Israel** congratulated the secretariat on its professional and constructive progress report. Israel supported UNCTAD technical assistance to the Palestinian people and considered that it had a beneficial effect on the peace process in general. While important talks were currently taking place on that process in the United States, UNCTAD was making its own efforts for the benefit of the peace process. Israel especially welcomed the orientation of UNCTAD's

projects, such as the Nablus Industrial Estate and the EMPRETEC projects mentioned in the report. Activities that could contribute to job creation and strengthen the Palestinian private sector were of great value.

19. He noted that 45 per cent of the funds required for UNCTAD's projects had been secured to date. For its part, the Government of Israel was willing to provide advisory services and training to the Palestinian Authority, and it was ready to do so in full cooperation with the UNCTAD secretariat.